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UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Chapter 11

Case No: 22-10943 (MEW)

Judge Wiles

In re:

VOYAGER DIGITAL HOLDINGS INC., et al.,

Debtors.

Your Honor,

I respectfully bring to your attention the concerning actions and illegal conduct of the debtors in the bankruptcy case before this court. It is our belief that the debtors have committed fraudulent and unlawful acts, and that Chapter 7 liquidation bankruptcy is necessary to ensure that the creditors receive the maximum recovery possible; had it been done in July.

The debtors have filed for Chapter 11 bankruptcy, which is intended for reorganization and restructuring. However, their actions suggest that their true intention was to drain the seats money and then liquidate, which is illegal. Chapter 11 bankruptcy does not provide for liquidation, whereas Chapter 7 does. This raises serious concerns regarding the debtors' true intentions and whether they were acting in good faith.

Firstly, the debtors have engaged in fraudulent activity by concealing assets and misrepresenting their financial situation. This violates federal bankruptcy laws, specifically 18 U.S. Code § 152(1) which makes it illegal to knowingly and fraudulently conceal assets from a bankruptcy court. Such actions violate the US Code law, specifically 18 U.S. Code § 152(1), which prohibits the knowing and fraudulent concealment of assets from a bankruptcy court. Additionally, the debtors' failure to pay taxes and filing false tax returns also violates the Internal Revenue Code, which is a criminal offense under 26 U.S. Code § 7201.

In addition to these violations of federal law, the debtors also engaged in other illegal activities such as operating their business without proper licenses and facing multiple lawsuits from creditors. All these actions further suggest that the debtors were engaging in unlawful practices that led to their financial troubles.



# Important update on initial recoveries to customers

Voyager filed the procedures with the Bankruptcy Court detailing how it intends to execute the company's chapter 11 plan and provide initial recoveries in crypto to customers through the Voyager app. Alternatively, customers may choose to receive their initial recoveries in cash after the 30-day crypto withdrawal period has ended.

This blog provides important information about the initial return of value and next steps. Please read it carefully, including the Q&A portion at the end. The Bankruptcy Court filing is available here.

#### Return of Value

The estate has \$1.334 billion in assets which equates to 75.68% of the aggregate value of customer claims against Voyager's estate.

Customers will receive an initial recovery estimated to be 35.72% of their claim amount due to certain holdbacks. The chart below outlines how this percentage is calculated.

Depending upon resolution of the FTX/Alameda preference claim dispute, the success of any additional claims brought by the Voyager Plan Administrator against third parties, as well as any recovery by the Voyager estate as a creditor in the Three Arrows Capital liquidation, customers may receive additional recoveries in the future.

### **Initial Creditor Recovery Calculation**

As of May, 8 2023	\$ in Million
Total Assets for Recovery in Voyager's Possession	\$1,334.4
% of Customer Claims in Voyager's Possession	75.68%
HOLDBACKS	
B) FTX/Alameda Preference Claim	(445.0)
Wind Down Costs & Litigation Reserve	(135.6)
Administrative and Priority Tax Claims	(49.9)
All Other Holdbacks	(74.1)
Subtotal of Holdbacks	(704.6)
Total Amount Available for Initial Recovery	629.8
Total Account Holder Claims	1,763.1
6) Initial Recovery %	35.72%

The wind down reserve is a scam and so are these holdbacks. Why didn't you hold back the employees' bonus or pay to the executives or to any of the firms knowing they have committed fraud, used firms that took advantage of the estate's money, conflicts of interest, and are being sued by the Government.

Additionally, what about all this money they have been making daily?



FTX, Alameda, and Voyager have a complicated relationship, with Alameda Research suing the defunct lender for \$445.8 million in January.

FTX's lawyer argued that Voyager "fueled" Alameda's alleged misuse of customer funds, while the latter countered that Alameda tried to undermine and sabotage its restructuring efforts. The lender also subpoenaed top Alameda and FTX executives over their botched acquisition deal.

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The assets transferred include \$28 million worth of SHIB, \$25 million worth of ETH, and \$12.85 million worth of VGX, among others. the lender currently holds approximately \$631 million in assets, including 172,223 ETH worth \$276 million, and 186 million USDC.

## Latest on Voyager

The bankrupt crypto lender recently reached an agreement with FTX and its unsecured creditors to hold the disputed \$445 million loan payment pending a settlement or court order, according to a court filing.

The filing also stated that Voyager would continue to hold another \$5 million deposit made by FTX in escrow until ownership of the deposit is litigated in the New York Bankruptcy Court and decided by settlement or a final and unappealable order, including any appeals therefrom. English •

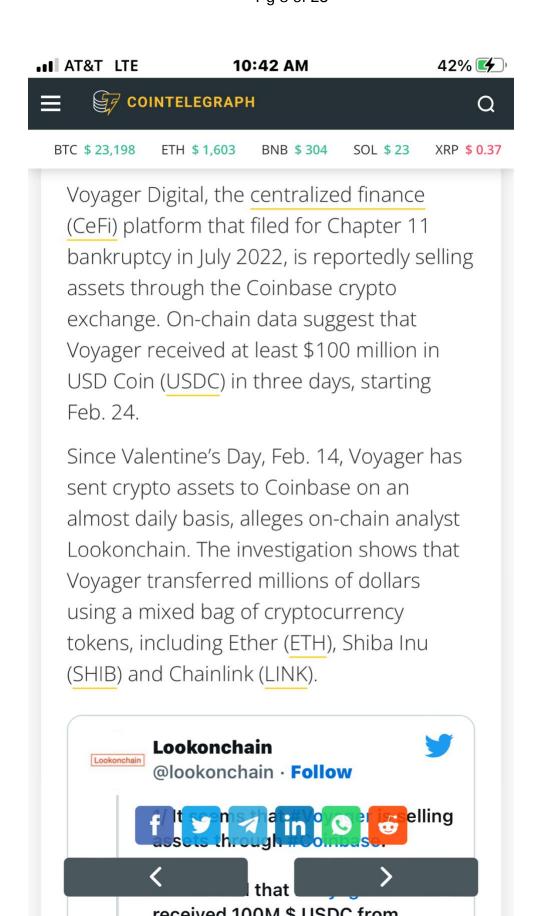


#### TL; DR Breakdown

- Lookonchain report shows that Voyager has been selling assets through Coinbase, with \$100 million USDC received from Coinbase in the last three days.
- The defunct company currently holds around \$631 million in assets, including 172,223 ETH worth \$276 million.

A recent report from Lookonchain, a blockchain analytics platform, has revealed that Voyager Digital, the crypto lender that filed for bankruptcy, has been selling its digital assets through Coinbase.

According to the report, Voyager received \$100 million USDC from Coinbase in the last three days, and has been transferring assets to Coinbase almost every day since February 14.



Given the severity of these actions and the potential harm to the creditors, we believe it is necessary for this court to take swift and decisive action. We respectfully request that the court reconsider the debtors' Chapter 11 bankruptcy filing and instead move forward with a Chapter 7 liquidation bankruptcy only when all monies and or crypto that was paid out, and or sold, to be returned in full and a rebalancing of the estate's assets and then an immediate releasee of crypto assets to creditors in coin: in full and not initial distributions. Where the claw backs or the wind down reserve in initial distribution, or the bonuses the employees made in kind. Did those administrative claims as you stated before, be paid to the employees of a failed company in kind or in initial payments? Maybe the bonus you gave them back in August can be used for these claw backs and toggle option to protect themselves. I will not allow it with my assets, and I will not except for these criminals to get away with this.





#### **Policy**

### Crypto Lender Voyager Can Pay Employees 'Retention' Bonuses, US Judge Rules

Judge Michael Wiles also agreed to withhold the names and titles of the employees who may receive the bonuses.

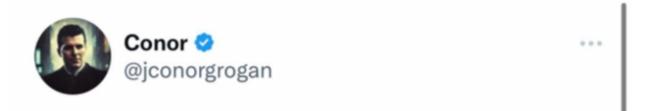
#### By Nikhilesh De

Aug 24, 2022 at 4:37 p.m. UTC

Updated Aug 24, 2022 at 5:48 p.m. UTC







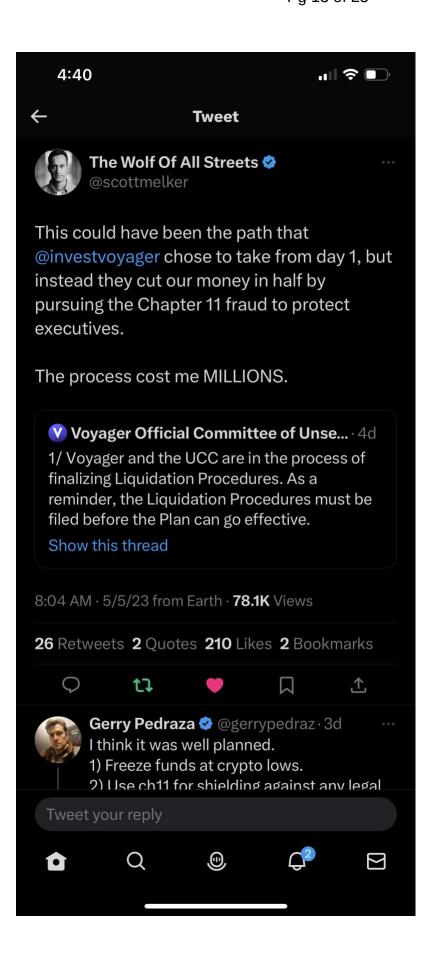
On 6/8/22, 2 mystery wallets withdrew \$75M+ of stETH from FTX

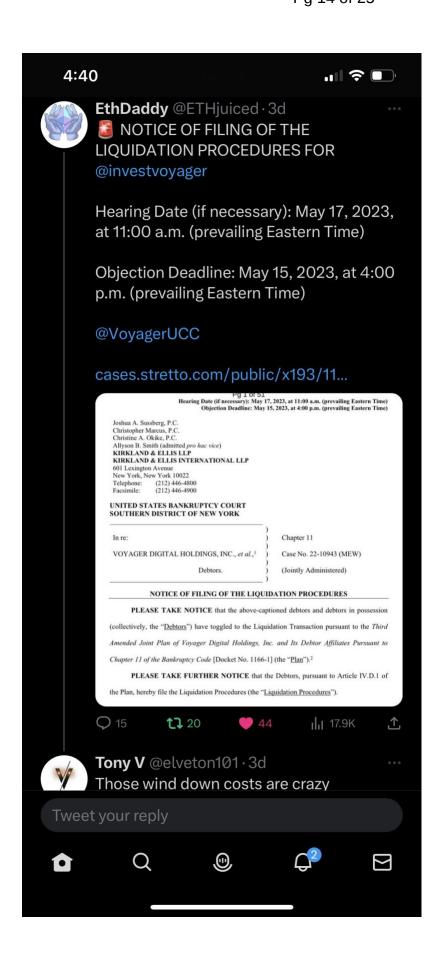
They then proceeded to market-sell everything, kicking off a "de-peg" event seen as one of the contributing factors to Celsius's bankrun and the demise of 3AC

We know today that SBF/Alameda was behind these sales

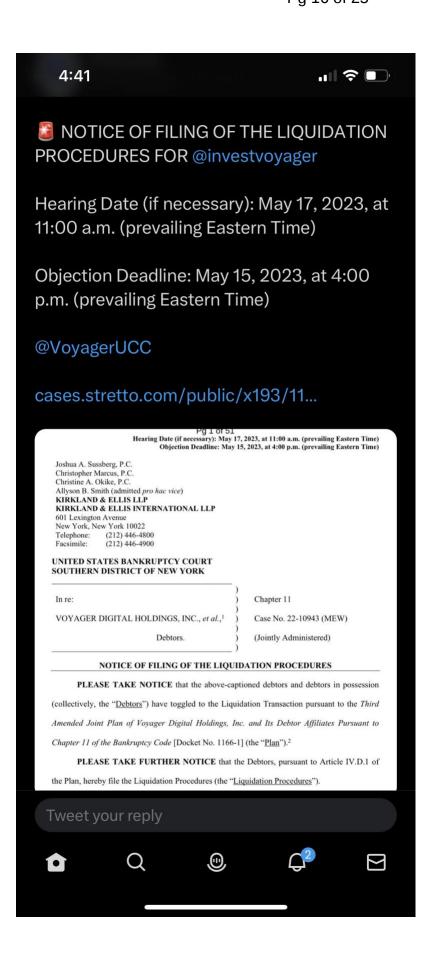


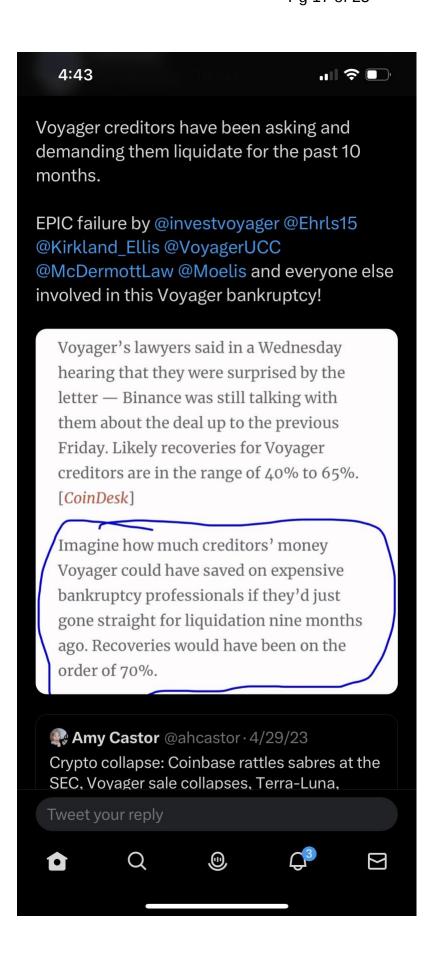


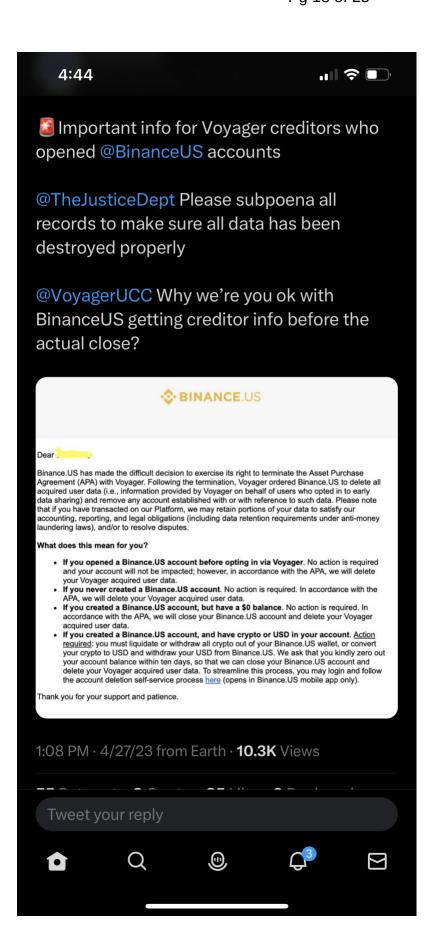


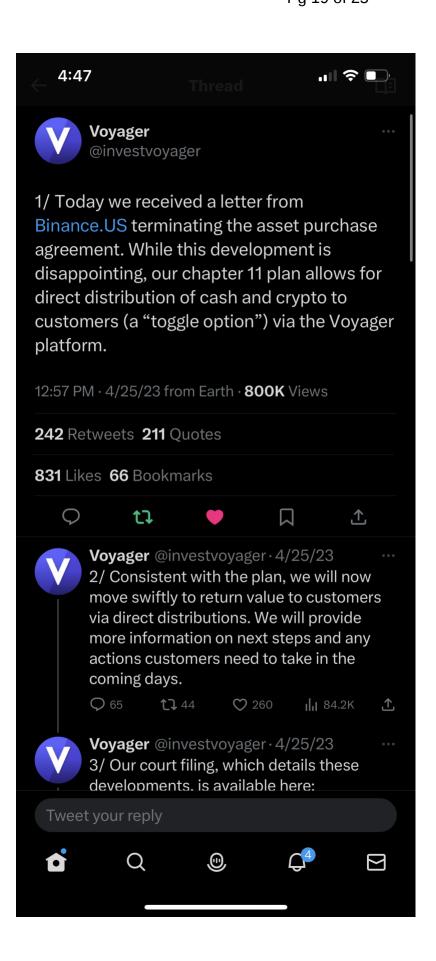


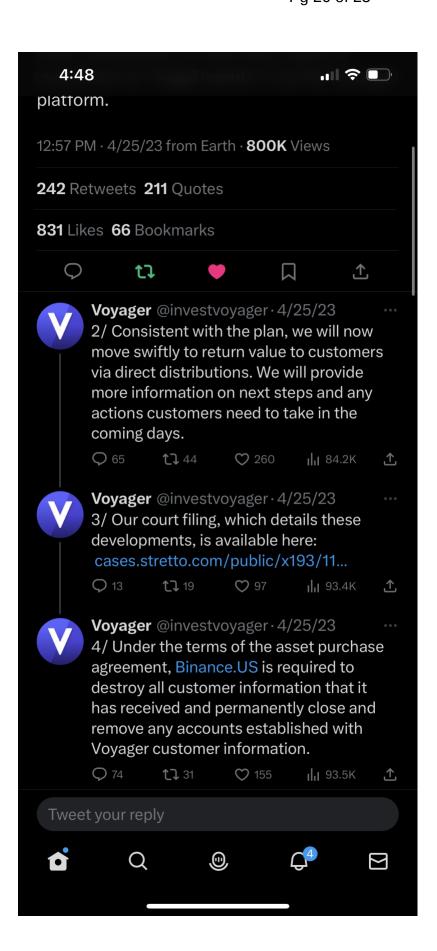




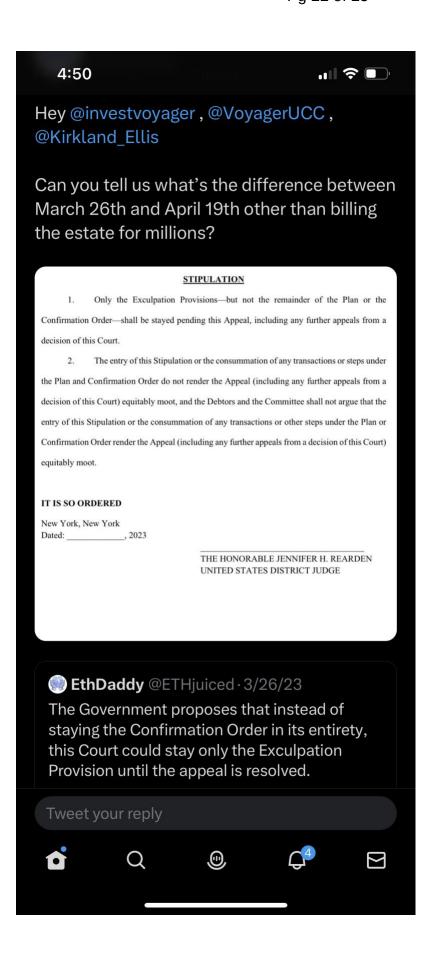




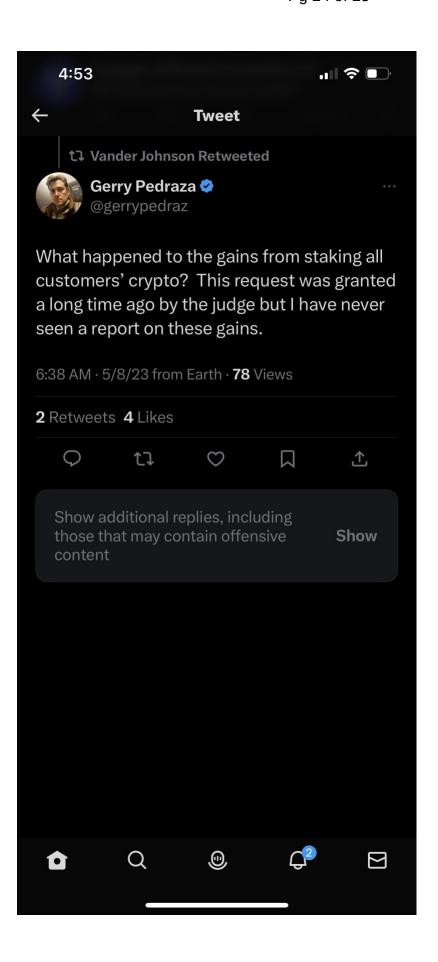












In closure, I ask this court to uphold justice and return all crypto in full to creditors and release all assets for the immediate return. To return all the money paid for bonuses, firms that were related to, or direct conflict of interest in this case and I also ask that Steve and Jason Reznick be subpoenaed to court to testify.

Submitted by,

Alah Shehadeh

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